

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 103850
ORIGIN AF-10

INFO OCT-01 EUR-12 NEA-10 ISO-00 EB-07 L-03 CIAE-00
INR-07 NSAE-00 AID-05 IGA-02 OMB-01 TRSE-00 SP-02
COME-00 FEA-01 OPIC-03 /064 R

DRAFTED BY AF/W:GADIES:LFS
APPROVED BY AF/W:RGHOUDEK
NEA/IRN:RBEALES (PHONE)
-----071352Z 074061 /41

R 062125Z MAY 77
FM SECSTATE WASHDC
TO AMEMBASSY DAKAR
AMEMBASSY TEHRAN
INFO AMEMBASSY OTTAWA

LIMITED OFFICIAL USE STATE 103850

E.O. 11652: N/A

TAGS: BEXP, EMIN, SG, IR

SUBJECT: STATUS REPORT ON IRASENCO PROJECT

REF: DAKAR 2748

SUMMARY. DAVID MORSE, LEGAL ADVISER TO IRASENCO, MET WITH
AF/W DIRECTOR MAY 4 TO PROVIDE STATUS REPORT ON IRASENCO
PROJECT. AFTER STATING THAT IRASENCO WAS MOST COMPLICATED
PROJECT HE HAD EVER BEEN INVOLVED IN, MORSE PROCEEDED TO
GIVE HISTORY OF PROJECT, AS WELL AS HIS OWN PLAN FOR
MOVING THE PROJECT FORWARD. MORSE EMPHASIZED THROUGHOUT
THE MEETING THE POLITICAL IMPORTANCE ATTACHED TO IRASENCO
BY THE GOVERNMENTS OF IRAN AND SENEGAL. NEXT STEP IS
PRELIMINARY MEETING OF MORSE AND TECHNICAL MINISTERS
TO IRON OUT DIFFERENCES PRIOR TO CHIEF OF STATE MEETING IN
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 103850

TEHRAN ON JUNE 28. END SUMMARY.

1. DAVID MORSE, LEGAL ADVISER TO IRASENCO, BRIEFED AF/W
ON SUBJECT PROJECT. HE EXPLAINED THAT LACK OF COORDINA-
TION BETWEEN TWO GOVERNMENTS CONCERNED, AS WELL AS
INEFFECTUAL MANAGEMENT, HAD STALLED IRASENCO'S PROGRAM.
THREE DIFFERENT ENTITIES HAD BEEN APPROACHED TO DO PORTIONS

OF FEASIBILITY STUDY, BUT NONE HAD YET BEGUN WORK. MORSE FEELS COORDINATION IS VITAL FOR SUCCESS OF PROJECT. IN VIEW OF INEFFECTIVE IRASENCO MANAGEMENT, MORSE HIMSELF PLANS TO KEEP PROGRAM ON TRACK.

2. RECENTLY, FOLLOWING DEVELOPMENTS HAVE OCCURRED:

A. WORLD BANK HAS REPEATED ITS EARLIER OFFER TO PERFORM FEASIBILITY STUDY, BUT ONLY ON BASIS OF COMPARISON BETWEEN PORTS OF CAYAR AND DAKAR (BANK HAS HINTED THAT IT WILL PARTICIPATE IN FINANCING OF PROJECT AT CAYAR ONLY IF ITS OWN STUDY SHOWS THAT SITE TO BE PREFERABLE). COST OF STUDY WOULD BE APPROX DOLS 500,000.

B. GOVERNMENT OF SENEGAL HAS RETAINED CANADIAN CONSULTING FIRM, GAUCHIER AND PRINGLE, TO DO FEASIBILITY STUDY OF PHOSPHATE MINE AND EXPANSION OF PORT OF DAKAR. IRANIANS HAVE RETAINED LOEB, RHODES AND N.M. ROTHSCHILD AS FINANCIAL CONSULTANTS. BOTH GOVERNMENTS APPARENTLY ACTED WITHOUT FULL CONSULTATION WITH THE OTHER. MORSE HAS INTERVENED WITH BOTH SETS OF CONSULTANTS TO GET THEM TO AGREE TO COOPERATE WITH EACH OTHER.

C. IRANIANS HAVE INDICATED THAT THEY DO NOT NEED SENE- GALESE PHOSPHATES FOR OWN PURPOSES SINCE THEY HAVE MADE RECENT DISCOVERY OF PHOSPHATE IN IRAN. IRASENCO'S OUTPUT WILL BE SOLD ON WORLD MARKET (AND FEASIBILITY STUDY WILL FOCUS ON PROJECTIONS OF WORLD MARKET PRICE).

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 103850

D. IRANIANS TENTATIVELY APPROACHED KRUPP TO DO FEASIBILITY STUDY FOR ENTIRE PROJECT. MORSE ADVISED GOVERNMENT OF IRAN THAT, SINCE KRUPP WOULD LIKELY BE COMPETITOR FOR SUPPLY CONTRACTS FROM IRASENCO, IT WAS NOT SOUND BUSINESS PRACTICE TO HAVE KRUPP PERFORM THE FEASIBILITY STUDY. IRANIANS HAVE APPARENTLY AGREED.

3. IN VIEW OF CONFLICTING CONSULTANT CONTRACTS, AND LACK OF COMMUNICATION BETWEEN GOVERNMENTS AT HIGHEST LEVELS ON IRASENCO, MORSE HAS PREPARED CONFIDENTIAL REPORT TO BOTH PRIME MINISTERS, INDICATING WHERE MAJOR UNRESOLVED PROBLEMS EXIST WITHIN IRASENCO PROGRAM.

F. MORSE WAS INFORMED MAY 3 BY TELEX FROM TEHRAN THAT MINISTERIAL MEETING ON IRASENCO, SLATED FOR JUNE 10, HAD BEEN CANCELED IN FAVOR OF CHIEFS OF STATE MEETING IN TEHRAN ON JUNE 28. MORSE EARNESTLY HOPES BE ABLE TO GET AGREEMENT IN PRINCIPLE BETWEEN TECHNICAL MINISTERS ON IRASENCO PROGRAM.

G. MORSE INDICATED HIS PERSONAL FEELING OIL REFINERY IS WEAKEST PART OF ENTIRE PROGRAM. ANOTHER PERSONAL MIS-GIVING EXPRESSED BY MORSE IS ENVIRONMENTAL IMPACT ON FISHING AREA NEAR CAYAR OF MAJOR INDUSTRIAL DEVELOPMENT PROJECT.

3. MORSE UNDERLINED POLITICAL SIGNIFICANCE OF PROJECT FOR BOTH IRANIANS AND SENEGALESE. FOR SENEGAL, CAYAR WILL BE NEW QUOTE POLE OF DEVELOPMENT UNQUOTE OUTSIDE DAKAR. FOR IRAN, IRASENCO REPRESENTS FIRST MAJOR ECONOMIC INITIATIVE IN BLACK SUB-SAHARAN AFRICA. RECENT DEDICATION CEREMONY AT CAYAR WAS MANIFESTATION OF POLITICAL OVERTONES OF PROJECT.

4. COMMENT: MORSE WAS CONCERNED THAT ABOVE INFORMATION, SOME OF WHICH DRAWN FROM HIS CONFIDENTIAL REPORT TO PRIME LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 STATE 103850

MINISTERS, BE HELD IN CONFIDENCE. HE IS ANXIOUS TO GET TECHNICAL MINISTERS OF IRAN AND SENEGAL TO AGREE ON SCHEDULE FOR PERFORMANCE OF FEASIBILITY STUDY ASAP, AND AT LEAST BEFORE MID-JUNE. MORSE FELT CHIEFS OF STATE SHOULD NOT HAVE TO ARGUE IRASENCO PROGRAM IN THEIR MEETING JUNE 28. CHRISTOPHER

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN INVESTMENTS, PROGRAMS (PROJECTS), PHOSPHATES
Control Number: n/a
Copy: SINGLE
Sent Date: 06-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE103850
Document Source: CORE
Document Unique ID: 00
Drafter: GADIES:LFS
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770161-0261
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770584/aaaacuic.tel
Line Count: 145
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: f1ac0799-c288-dd11-92da-001cc4696bcc
Office: ORIGIN AF
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 DAKAR 2748
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 22-Dec-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2612538
Secure: OPEN
Status: NATIVE
Subject: STATUS REPORT ON IRASENCO PROJECT
TAGS: BEXP, EMIN, SG, IR, IRASENCO
To: DAKAR TEHRAN
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/f1ac0799-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009